

SYNOPSIS OF SIGNIFICANT INTERNAL REVIEW REPORTS FY99 - VOLUME I



**Army Internal Review
... Changing to serve a changing Army!**

Office, Assistant Secretary of the Army

Table of Contents

	<u>Page #</u>
Research and Development	6
<i>Disestablishment of Grimace Monitor Special Access Program</i>	
<i>Process of Issuing Funds to Navy in Support of JLENS</i>	
Procurement-Inventory Control Activities	6
<i>Controls Over Nonexpendable Government Property</i>	
Procurement -Other	6
<i>IMPAC Card/Program</i>	
<i>IMPAC Credit Cards</i>	
<i>JROTC and SROTC Government Purchase Card Program</i>	
<i>Food Service Program</i>	
<i>Total Asset Tracking System 1 Review</i>	
<i>Dining Facilities Food Service Program</i>	
<i>Review of Contracts and Military Interdepartmental Purchase</i>	
<i>Requests (MIPRSs)</i>	
<i>Audit of Professional Service Contracts</i>	
<i>Master Cooperative Agreement, Appendix 21, Facilities Activities</i>	
Contract Administration	11
<i>Fed/State Cooperative Agreements - FY 97</i>	
<i>Army Airfield</i>	
<i>Audit of Educational Services Contract</i>	
Forces Management	12
<i>Workman's Compensation Program</i>	
<i>Tiered Resourcing</i>	
<i>Regional Support Command Multiple Unit Training Assemblies</i>	
<i>Attendance Audit</i>	
<i>C5 Level Classification</i>	
<i>IDT/Retention/Drill Attendance</i>	
<i>Pre-positioned Chemical Defense Equipment (CDE)</i>	
<i>Maintenance Training Record</i>	

	<u>Page #</u>
<i>Maintenance and Repair of Equipment</i>	<i>14</i>
<i>Furniture Repair</i>	
<i>Rebuild and Overhaul of Equipment</i>	<i>15</i>
<i>Audit of Suggestion, Cleaning #5 Bearing House</i>	
<i>First Quarter FY 99 Fund Distribution to Maintenance Depots</i>	
<i>Supply Operations-Retail</i>	<i>15</i>
<i>Material Returns Program</i>	
<i>Report of Surveys</i>	
<i>DPW RPMA</i>	
<i>Review of Installation Property Book ADP Accountability</i>	
<i>Inventory Management, Pharmacy Service</i>	
<i>Automation Equipment Accountability</i>	
<i>Review of Munitions Center Ammunition Outloading Plan</i>	
<i>Audit of Dining Facility</i>	
<i>Standard Army Retail Supply System (SARSS)</i>	
<i>Audit of Consolidated Property Book</i>	
<i>Property Disposal</i>	<i>18</i>
<i>HAZMART</i>	
<i>Civilian Personnel Management</i>	<i>18</i>
<i>Civilian Performance Appraisals, Grades 9-12</i>	
<i>TDY Travel Vouchers - 1st Quarter FY 99</i>	
<i>Review of Mandatory Repromotion Program</i>	
<i>Military Personnel Management</i>	<i>19</i>
<i>Review of APFT Failures</i>	
<i>Quick Response Audit of Controlled ADSW Workdays</i>	
<i>Soldiers with Less Than 14 Days AT</i>	
<i>General's Top Ten Readiness Indicator Reports</i>	
<i>Landship Study</i>	
<i>Real and Installed Property</i>	<i>21</i>
<i>Renovation of Post Theater Building</i>	
<i>Information Technology</i>	<i>21</i>
<i>Year-end Computer Purchases</i>	
<i>Y2K</i>	
<i>Property Accountability - RCAS Fielding</i>	

	<u>Page #</u>
<i>Information Technology</i>	21
<i>Acquisition of ADP Equipment: Control and Accountability</i>	
<i>Review of CEFMS User Permissions</i>	
<i>Intelligence and Security</i>	23
<i>Intrusion Detection System Cost Study</i>	
<i>Night Vision Devices</i>	
<i>Communications</i>	24
<i>Review of Telephone Services</i>	
<i>Transportation</i>	24
<i>Termination Plans for the GSA Vehicle Fleet</i>	
<i>Airline Tickets</i>	
<i>Military Pay and Benefits</i>	25
<i>Audit of Bonus and Loans</i>	
<i>Unit Level Military Pay</i>	
<i>Civilian Pay and Benefits</i>	26
<i>Labor and Production Reporting</i>	
<i>Audit of Civilian Time and Attendance</i>	
<i>Audit of Civilian Employees' Compensation During Deployment</i>	
<i>Technician Time and Attendance Program</i>	
<i>Program and Budget</i>	27
<i>Reimbursement of New York State Canal Corporation</i>	
<i>Audit of Centrally Managed Allotment</i>	
<i>Other Comptroller Functions</i>	27
<i>TDY Travel</i>	
<i>Catchment Area TDY Mission-Related Travel</i>	
<i>Orders</i>	
<i>Permanent Change of Station (PCS) Reimbursement Process</i>	
<i>CFO Review of Abnormal Balances (Quick Response)</i>	
<i>Training on Funding</i>	
<i>Support Services</i>	29
<i>Audit of GSA Vehicles</i>	
<i>Housekeeping Contract</i>	
<i>Observation of FY 98 Close-out Inventories</i>	

	<u>Page #</u>
<i>Nonappropriated Fund Activities</i>	30
<i>Review of the Club</i>	
<i>Ticket Inventory</i>	
<i>Club Operations</i>	
<i>Billeting Funds Cash and Cash Receipt Controls</i>	
<i>Review of IMWRF Bingo</i>	
<i>Review of OCONUS NAFI-Relocation to CONUS</i>	
<i>Review of Prime Vendor Program - OCONUS</i>	
<i>Investigative Support</i>	32
<i>Line of Duty (LOD) Program Consulting Review</i>	
<i>Health Care</i>	33
<i>Psychology - Part-time Slot</i>	
<i>TRICARE Health Promotion Program</i>	
<i>Assessment of Hospital Sick Call</i>	
<i>Lab AxSYM Analyzer</i>	
<i>Medical (Mobilization) Readiness Audit</i>	
<i>External Audit Liaison</i>	34
<i>GAO Review of Army Maintenance Workload</i>	
<i>Follow-up</i>	34
<i>Guard Retention</i>	
<i>Follow-up Report of Audit, Audit of Command's Year 2000 Project for</i>	
<i>Weapons Systems Diagnostic Equipment</i>	
<i>Follow-up Report of Audit, Investigation of Request</i>	
<i>Follow-up Report, Command's Year 2000 Project for Business Systems</i>	
<i>Follow-up Report, Audit of Command's Year 2000 Project for</i>	
<i>Installation Support Equipment</i>	
<i>Follow-up Audit, Command's Year 2000 Project for Infrastructure Equipment</i>	
<i>Audit Follow-up on Status of Security Guards</i>	
<i>Financial Statements (CFO)</i>	36
<i>CFO Assessment of Accounts Receivable</i>	
<i>Delinquent Accounts Receivable</i>	
<i>Review of Personal Property</i>	
<i>Real Property Reconciliation</i>	
<i>CEFMS Access Permissions</i>	

	<u>Page #</u>
<i>Financial Statements (CFO) (Continued)</i>	36
<i>CFO - CEFMS Access Permissions</i>	
<i>Management of Accounts Receivable</i>	
<i>Other</i>	38
<i>Assessment of the Project Management Business Process</i>	
<i>Museum Accountability</i>	
<i>Y2K Non-Information Technology Infrastructure</i>	
<i>Activity Based Costing</i>	
<i>Consolidated Chaplain Fund</i>	
<i>Audit of Financial Management Practices for the Readiness Training Program</i>	
<i>Management Control Reporting Process</i>	
<i>Review of Accrued Leave Liability Accounts</i>	
<i>Review of Labor Cost Transfers</i>	
<i>BASOPS Opportunities Leveraging and Development (BOLD) Grants</i>	

Research and Development

Disestablishment of Grimace Monitor Special Access Program. One Internal Review' (IR) office's overall audit objective was to determine that the Special Access Program (SAP) was disestablished in accordance with regulatory guidance. The disestablishment checklist contained in AR 380-381 was used as the basis for the audit program. The audit revealed that the SAP was disestablished according to the criteria in AR 380-381. There were significant problems encountered in the process of trying to archive data and to destroy data no longer required.

Process of Issuing Funds to Navy in Support of JLENS. Another IR focused on the process by which funds are transferred to the Navy and how the obligations/disbursements of these funds are captured and recorded onto official accounting records of JLENS; and whether the process can be improved. IR found the use of the MIPR by JLENS to be appropriate and consistent with the transfer of funds between Service agencies. Also the sooner release of funds to the Navy would improve the execution of obligations and disbursements on to official records. The review offered suggestions that would improve the process of transferring funds and capturing and recording obligations/disbursements of these funds onto official records.

Procurement-Inventory Control Activities

Controls Over Nonexpendable Government Property. This review focused on the effectiveness of the Command's procedures to account for and control nonexpendable property. IR found nonexpendable property items brought into the Command were not always captured on the property book. Some items identified in the property book could not be located. Semi-annual inventories were not being performed by all primary hand receipt holders and adjustments were made to the property book without causative research. The review offered suggestions that would increase the effectiveness of the Command's procedures to account for and control nonexpendable property.

Procurement-Other

IMPAC Card/Program.

- The objective of this audit was to determine if controls and procedures for the IMPAC Card were in place and the program was being used effectively and efficiently. Specific areas reviewed were propriety of purchases, documentation of purchases, accounting for purchases, and fund availability procedures. The auditor completed a random review of purchases for 71 percent of cardholders. While completing the review, the auditor identified that current procedures did not account for items purchased with the IMPAC Card. A random review of purchases within the Purchasing

and Contracting Division identified that the card was not yet being utilized to achieve its fullest potential. The recommendation to record accountable property on property records resulted in \$30,200 of property being recorded. The recommendation to develop procedures to ensure accountable property is recorded will ensure that an estimated \$151,000 of property is recorded during the next 5 years. Monetary Benefit: \$181,200.

- IR found continuing problems with employees and service members interpreting and grasping the concept of "split-purchasing" when using the IMPAC. More definitive guidance for IMPAC users should be published.

- Another IR found that during FY 97-98 there were 12,513 purchases totaling \$3,460M. The audit identified existing and potential areas of risk that, if left uncorrected, could develop into inefficient use of resources; misappropriation of property; or other wrongful acts. In a sample, there were purchases but no supporting invoices; payments for sales tax and late fees from which the Federal Government is either exempt or should not have incurred; purchases of equipment/supplies that were not properly accounted for; and purchases charged to incorrect program fund cites. IR recommended additional Cardholder and Approving Official training; revision of local SOPs; Command emphasis at all levels; and periodic review of Cardholder accounts by a composite team of purchase/contracting and logistics personnel. Monetary Benefit: \$49,028.

- IR's overall objective of the audit was to assess, on a continuing basis, current cardholder practices and to ensure that their purchases and the process followed to make those purchases were in compliance with regulatory guidance and Command policy. The audit revealed several problems to include purchases made prior to the initiation of proper documentation; cards used by personnel other than the cardholder; taxes charged; missing receipts and property items not added to the Installation Property Book. The auditor worked with the Agency Program Coordinator to develop and/or strengthen controls.

- Another IR's overall audit objective was to assess, on a continuing basis, current cardholder practices to ensure that their purchases and the processes followed to make those purchases were in compliance with regulatory guidance and Command policy. The review was performed as the result of a request from the Installation Property Book Officer who wanted to determine whether credit card transactions with a description line of miscellaneous or general office supplies were used to purchase items requiring formal property accountability. The audit identified several problems to include the purchase of items under vague description headings that required formal property accountability. The auditor worked with the Property Book Officer and the Agency Program Coordinator to adopt new procedures, which would serve to strengthen internal controls.

- IR performed a Quick Response Audit (QRA) to determine whether supply purchasers coordinated requisitions and work orders through channels before credit

card purchases were rendered. Controls on purchase of building materials with office supply IMPAC credit cards needed improvement. Cause: Unit fabrication of equipment was not approved through federal logistic system channels. Requisitions, design fabrications and cost estimates, and justification were not properly coordinated. Fabricated tool-cribs were not added to the gaining unit's property account or durable property records; eight tool-cribs were built at a cost of about \$8,000. Office supply IMPAC credit cards were used to acquire building material; purchases were not linked to approved work-orders. Assembled items were not recorded to unit property records, or durable property records. Implementing unit/facility document register procedures can effectively reduce loss in accountability, and abuses in the government's IMPAC credit card system. Non-monetary: improved management controls for the logistic system and use of IMPAC credit cards.

- Another audit revealed several discrepancies and non-compliance with IMPAC card procedures. They were (1) an instance of a Split Purchase; (2) several items controverted (held up for payment), however, items were actually ordered & received; (3) in several instances, no invoices nor packing slips in support of purchases made; (4) various cases where the DA3953 did not contain the signature of the Approving Official; (5) several months wherein the required monthly reconciliation between the IMPAC vendor statement and the cardholders' Document/Fund Register had not been accomplished (either not at all or late); and (6) the Document/Fund Register did not provide an adequate audit trail since it did not contain all essential data fields --- Audit recommendations resolved weaknesses.

- This audit was to determine the effectiveness of the IMPAC Program. Specifically, to determine (1) whether units/activities were taking full advantage of the IMPAC Program; (2) if units/activities were using the IMPAC card for only authorized purchases; (3) whether adequate management controls have been established to prevent unauthorized use of the IMPAC card. The audit disclosed that improvements in the IMPAC Program were needed to ensure units/activities used the IMPAC card only for authorized purchases. Units/activities need to improve internal management controls to ensure IMPAC card purchases meet all regulatory requirements and other standing operating procedures. The audit disclosed that (1) current practices used by approving officials and cardholders sometimes resulted in higher prices to the Government for goods and services, (2) cardholders made unauthorized purchases of goods and services using the IMPAC card, and (3) internal management controls over the IMPAC Program needed to be improved to ensure IMPAC card purchases meet all regulatory requirements.

- Another IR office found that internal controls over local implementation of the IMPAC Program were not sufficient to preclude waste, fraud, and abuse. The cardholder roster was inaccurate. Consequently, it was not immediately clear how many cards had been issued. Authorizing officials were not doing an adequate job of pre-approving and reviewing credit card purchases. As a result, some expressly prohibited items were purchased. Top of the line items were purchased when lesser quality items would have sufficed. Cardholders were circumventing the approval

process in place for the purchase of furniture and computer and communication equipment. IR recommended a 15 percent decrease in the initial supply budget given to each department. Departments are required to request and justify any supply needs that exceed their initial supply budget. This resulted in monetary benefits of \$2,875,000.

IMPAC Credit Cards. Timely and cost effective procurement of supplies and services continues through expanded use of the IMPAC Card. Rapid growth in the use of the IMPAC card has also brought challenges in establishing and maintaining effective controls. Internal Auditors noted opportunities for further expanded use of the IMPAC Card, improved accounting practices and better control over purchases. Audit recommendations will help the agency save over \$319,000 and improve management's oversight.

JROTC and SROTC Government Purchase Card Program. Overall, the JROTC units and SROTC battalions had adequately implemented the government purchase card program. Auditors found few problems that were trends throughout the units and battalions. However, auditors noted some installations did not provide reviews of the individual units and battalions that they supported. Cardholders did not always maintain the documentation to appoint them to the program and support purchases made with the purchase card. Cardholders sometimes split purchases and paid sales taxes although their state was exempt. Units and battalions did not always coordinate purchases with the process owners (DOIM and DPW) and Region Headquarters. Further, approving officials sometimes approved purchases that regulatory guidance did not allow. Consequently, units and battalions made \$20,995 in unauthorized and questionable purchases. Auditors also found some problems with implementation of the Internal Management Control Program. JROTC and SROTC did not complete checklists as required. Auditors noted problems with separation of duties in most JROTC units. Cardholders and approving officials were serving as property book officers.

Food Service Program. At the request of the Supply and Services Officer, who has responsibility for the Food Service Program, IR performed an audit of the dining facility account. The audit identified that the annual review of dining facility accounts, required by AR 30-1, had not been conducted for over three years. Internal controls were lacking. Commanders were not monitoring the over/under status of rations requested for training. Units were not monitoring the correlation between rations requested and the actual number of soldiers fed in the dining facility. The effect was rations had been overdrawn by approximately \$76,000 (34 percent) over a 12-month period.

Total Asset Tracking System 1 Review. IR identified a potential anti-deficiency act violation and over \$260,000 in waste and misuse: (1) personnel procured an inventory tracking system totaling over \$230,000 using AWCF operating funds instead of capital investment funds; (2) review identified material weaknesses in training of resource management personnel, internal control weaknesses in the authorization of procurement and project planning. These results led to immediate improvement in

procurement of future projects and prevented future ADAs from occurring. The potential ADA is being reviewed at the MACOM level. The review identified over \$130,000 in waste and another \$130,000 of funds misuse. Inventory software and project were discontinued.

Dining Facilities Food Service Program. Internal Review found the installations dining facilities account status was \$507,747 out of tolerance. Poor management of food purchases contributed to this status. Between October 1997 and April 1998 the installation served \$215,022 in excess pastries which accounted for 42 percent of the out of tolerance status. Additionally, the installation spent (1) \$2,022,464 or 46 percent on non-basic daily food allowance items; and (2) \$1,522,316 on basic daily food allowance items in excess of allowable percentage. Unit Commanders did not prepare accurate requests for meals. Consequently, dining facilities prepared more food than necessary. The installation allowed light meals for drill sergeants. This may have contributed to the out of tolerance status since there was no accountability over what the drill sergeants actually ate. The installation also needed to improve headcount procedures. A local review found that (1) contractors or lower ranked enlisted soldiers (E-3 or lower) performed headcounts; and (2) improper one-line entries were routinely made. Additionally, the installation had problems with food inventory procedures. Food purchases were not posted in a timely manner creating negative balances. Also, food purchases were not accurately posted to accounting records.

Review of Contracts and Military Interdepartmental Purchase Requests (MIPRs). Internal Review's objective was to review acquisition strategies of all contracts and MIPRs over \$50,000 prior to award. IR evaluated 33 acquisition strategies for accuracy and compliance with policy and procedures. IR identified funding problems, incomplete strategies, and management control deficiencies requiring staff action prior to award.

Audit of Professional Service Contracts. Internal Review's objectives of the audit were to determine if professional service contracts amounting to \$11 million were: (1) awarded in accordance with applicable laws and regulations; (2) duplicated work of staff personnel; (3) have established controls for monitoring work accomplishment; and (4) value of services provided were properly assessed. The audit determined that: (1) Command needs additional controls to ensure Contracting Officer Representatives receive proper training; (2) guidance is available for preparing acquisition strategies and measuring benefits of work to be accomplished; and (3) post-employment rules are utilized for former service members. Based upon the results, the Commander requested a contract administration audit of all contracts.

Master Cooperative Agreement, Appendix 21, Facilities Activities. IR's audit objective was to determine if the Civil Engineering Purchasing function met federal and state requirements. The audit found there was a lack of separation of duties; oversight of purchasing operations; training of purchasing personnel; and established procedures not being followed. Specifically, the Base Civil Engineer did not subtract Airport Joint Use Agreement expenses when assigning an expenditure budget to the purchasing agent; the purchasing agent authorized work to be done without approval or purchase

order numbers for several work order projects; and the Base Civil Engineer exceeded his authority when he instructed the cardholder to make payments by IMPAC credit card on several invoices which had not been properly approved prior to conducting the service. Further a potential Anti-Deficiency Act violation occurred when the 20 percent State matching share of these invoices was paid by federal credit card. As a result of the audit \$4,655 was identified as a one-time monetary benefit to the federal government.

Contract Administration

Fed/State Cooperative Agreements - FY 97. The audit of the FY 97 Cooperative Agreement revealed that billing procedures were not in place to ensure adequate supporting documentation was provided in a timely manner to the Base Civil Engineer (BCE). This occurred because reimbursement documentation detailing each transaction was not provided. As a result it was difficult for the BCEs to accurately budget their FOMA. The ability to keep an accurate and timely budget is critical to both state and federal interests. Although funding limitations were not exceeded in FY 97, the individuals in charge of budgeting FOMA funds expressed frustration at their inability to reconcile the reimbursement documents and thus keep an accurate budget.

Army Airfield. Options presented to reduce airfield operation costs were: (1) eliminate current airfield operations and contract for air support. Contracting for actual aircraft usage by hour versus maintaining the aircraft/airfield for an annual usage of 200 hours would reduce overhead support personnel and result in a cost avoidance of approximately \$4,941,308; (2) implement option one and expand two other missions resulting in additional benefits of \$200,000 or \$5,141,308; and (3) operate airfield under a joint usage arrangement by the Army and the civilian community. However, IR couldn't assign monetary benefits because it has too many contingencies and undefined variables.

Audit of Educational Services Contract. The audit was performed to evaluate the adequacy of contract administrative procedures for non-credit courses offered under an Educational Service Contract. Specifically, to determine whether: (1) Functional Academic Skill Training (FAST) classroom instructors and Tests of Adult Basic Education (TABE) were performed in accordance with contract specifications; (2) contractor bills accurately reflect FAST classroom instructions and TABE testing services performed; and (3) internal management controls have been adequately implemented. Administrative procedures for non-credit courses offered needed improvement. FAST classroom instructions and TABE testing were not performed in accordance with contract specifications. Soldiers were administered the post TABE before the end of their FAST curriculum. Contractor bills were not accurate because they billed for full contact hours of FAST instruction for these soldiers. Internal management control procedures for non-credit courses needed improvement to prevent

further contract violations. Entries in test examination logs for TABE testing were not complete, legible, or appropriately monitored by test control officers.

Forces Management

Workman's Compensation Program. During the review, IR discovered that duplicate payments to insurance companies were being made. When individuals on comp-time go over the 45-day period and are transferred to OWCP, there is no code in the DCPS system to show that transfer and prevent duplicate payments for the employer's share of health insurance (FEHB). At the same time, a debt for the employee's share of the FEHB is being established (the employee being on LWOP) even though OWCP is deducting the proper amount from the injured employees compensation. Thus, both OWCP and the agency are making payments to the insurance carriers for the same individual. Often these duplicates are found when the individual returns from their injured status and discovers this debt against their pay. When the amounts are recovered from the insurance carriers, the government share must be returned to the appropriation and year from which it came; if it was a previous year (highly likely) then the amounts are not available for use and reflect a loss to the agency. Monetary Benefit: \$96,000.

Tiered Resourcing. The audit objective was to determine whether Tiered Resourcing had an effect on training individuals within their Military Occupational Specialty (MOS). Internal Review found Tiered Resourcing did not have a major impact on the individuals who received MOS training. However, a major problem identified was that the USAR Support Command was not capturing their training efforts into the SIDPERS database. This was caused by different position numbers, different codes used to identify new recruits, and different qualify codes between AMLAS and SIDPERS. Another reason was the inherent differences between the two systems. In order to identify and project training needs the first step is to determine the criteria by assigning position number with a duty MOS. The auditors looked at training requirements for 597 soldiers. The auditors compared the two systems and found there was a difference between SIDPERS and AMLAS of 58% or 346. They then matched these lists to ATRRS and DOLPHINS to validate training. Finally, the auditors prepared and provided an exception listings to the USAR Support Command. The command planned to follow-up on individuals identified that needed training but were not enrolled in ATRRS, soldiers who did not need training but attended schools, and individuals who trained in their MOS without changes in SIDPERS. Based on their audit work, the auditors made five recommendations to the USAR Support Command.

RSC MUTA Attendance Audit. The purpose of this quick response audit was to review attendance recording at the field level units in regard to multiple unit training assemblies (MUTAs). Recent CAAT reports suggested a need to examine MUTA attendance. In this particular command, there were many instances where the unit commander was approving blank sign-in sheets. Also, there were instances where soldiers had as many

as 23 unexcused absences, yet still remained on the unit roster and were reported in the personnel section of the USR. Because AR 135-91 is not adhered to and USRs are not reported accurately, true mobilization readiness is not being properly presented to higher commands. Presently, there is no enforcement or punitive actions taken on the part of the Army Reserve when a soldier decides to leave before expiration of his enlistment contract. The auditors recommended AR 135-91 be rewritten to make it more specific ensuring that excused absences are granted only for valid reasons. They also recommended that the OCAR present to Congress new legislation for passage that will provide the Army Reserves with a more enforceable enlistment contract.

C5 Level Classification. This Quick Response Audit validated the C5 Level reported on the latest Unit Status Report (USR). The auditors determined current controls over the USR process were not sufficient to prevent reporting of data inconsistent with authorized MTOE/TDA. Only one of the two units reporting C5 level classification was valid; therefore, appropriately requesting C5 status prior to reporting. Numerous problems were identified during their review. For example, equipment shortages were reported on previous USRs without corrective action being taken; personnel shortages were not aggressively resolved through the Request System or RSC Promotion Vacancy Listings; and problems with both systems were not recorded. Furthermore, units were presenting incomplete and inaccurate USRs, requiring significant detail work at Brigade level. This resulted in transmission delays to higher HQ. Eight recommendations were made establishing accountability for the USR process, validating all data categories and ensuring the data is evaluated at the HQ level for corrective actions when necessary.

IDT/Retention/Drill Attendance. The auditors reviewed the Unit Commander's Pay Management Reports for the prior quarter. They met with the commander and the commander's representative and discussed their concerns in the area of drill attendance, retention, MOSQ, equipment, and potential impact on USR. The auditors learned the unit under review was in the process of receiving new equipment; and as a result, needed to retain personnel in another MOS. Due to the lack of the equipment and personnel not being trained on the new equipment presents a problem in both the retention and recruiting area as well as MOSQ.

Pre-positioned Chemical Defense Equipment (CDE). IR audited pre-positioned CDE with a total value of approximately \$5M. IR determined the unit maintained accountability; performed required maintenance and calibrations; conducted required physical inventories; and properly stored and safeguarded pre-positioned CDE. However, IR could not determine the adequacy of stockage levels because the unit did not have a written plan that established authorized quantities of pre-positioned CDE stockage levels. IR determined that there were several items of excess on-hand. IR compared the authorizations and on-hand amounts and determined that six LINs contained excess items totaling \$274K. One of the items was a Carrier Smoke Generator, LIN C12815, valued at \$225K that was already in the process of being turned in. Therefore, there was a net excess of Class VII of \$49K. A DA memo, 16 December 1997, subject: Chemical Defense Equipment Calculations for DRB, stated

that the unit needed two chemical suits per soldier for 5,200 soldiers, plus a 5 percent sizing allowance, which computes to 10,660 suits. The unit had 15,859 chemical protection suits/battle dress oversuits on-hand. Therefore, there were 5,199 excess suits, valued at \$517K. Monetary Benefit: \$560,000.

Maintenance Training Record. In general, good management controls had been implemented in the areas of validating and administrating Maintenance Training Records. Additional command emphasis was needed in the area of record's maintenance to ensure that on-the-job training records are timely and competently documented. Forty-eight percent of the records randomly reviewed showed outdated and incomplete information in the area of the enlisted AFSCs, CDC, training forecast, workcenter assignment and supervisor's certification. This condition was significantly caused by the recent aircraft mission conversion from aircraft F-16 to C-130. The Base Commander agreed with the finding and recommendations to update and complete the required training records.

Maintenance and Repair of Equipment

Furniture Repair. At the request of the Directorate of Logistics (DOL), IR conducted a review to determine if it was practical and cost effective to use prison labor for furniture repair work. The audit request resulted from a finding in USAAA Report: Management of Maintenance and Repair Activities. IR compared contract costs to the cost of referring the repairs to federal and municipal prison industries. IR concluded that workload did not support retaining a furniture repair capability. The repairs could be accomplished at substantially less cost through federal or municipal prison repair shops or alternately, could be accomplished on an individual basis by local commercial repair shops. It is unlikely that the furniture repair function will remain in the new logistics contract.

Rebuild and Overhaul of Equipment

Audit of Suggestion, Cleaning #5 Bearing Housing. The objective of the audit was to verify the accuracy of savings projected for the Suggestion. The suggestion proposed that Turbine Engine #5 Bearing Housing be cleaned by drilling out plugs in the oil journals to facilitate proper cleaning. The validation found the suggestion was implemented and is presently utilized in the Turbine Engine Assembly Branch. The audit validated net savings in the amount of \$358,145, with a tangible award of \$4,990 recommended.

First Quarter FY 99 Fund Distribution to Maintenance Depots. Audit was completed with the objectives to: (1) evaluate the fund distribution process to determine if there was a lag in distributing funds and the extent it contributed to NOR variance for first quarter FY 99; and (2) to evaluate the depot planning process to determine if plans

realistically projected operations for first quarter FY 99. The audit indicated a lag in receipt of FY 99 funds did not contribute to NOR variance for first quarter FY 99.

Supply Operations - Retail

Material Returns Program. This audit identified significant weaknesses in the management of the Material Returns Program within the ARNG. During the previous fiscal year, the ARNG failed to capture over \$1.4M in credits. This was caused by a poorly operating system and poor oversight by personnel. IR recommended the hiring of a dedicated individual to manage the program. IR also recommended visits to the NICPs to make direct coordination with responsible personnel. Management agreed with IR's recommendations and began implementation. Monetary Benefit: \$8,207,971.

Report of Surveys. The objectives of the quick response audit were to (1) identify the reasons for surveys on record exceeding 240 days; and (2) determine the adequacy of current processes to identify, report and resolve survey items. During FYs 96, 97 and 98, a total of \$70K in OCIE surveys was filed Brigade-wide. Of those, over \$13K remained outstanding. The auditors identified numerous problems with reports of survey at this facility. They found (1) current controls were significantly weak; (2) survey logs were incomplete and inaccurate; (3) no full-time emphasis on monitoring the completion of surveys filed; (4) property book records were missing at the HQ; and (5) accountability procedures were non-existent. For example, two computers were lost six-months prior and not yet surveyed. Five recommendations were made to correct these deficiencies and enforce property accountability procedures and regulations.

DPW RPMA. IR found that the DPW needed to implement better procedures to: (1) account for and manage inventories; (2) identify, report, and dispose of excess stocks; (3) account for items in the material holdings areas; and (4) improve management controls by correcting identified weaknesses in a timely manner. Improved procedures will provide a reasonable level of assurance that the investment in RPMA stocks is minimized and protected. Implementation of our recommendations will strengthen internal controls, encourage excess reutilization, correct conditions that are conducive to the undetected loss of supplies; and avoid the performance of unnecessary procurements. Although we did not identify specific monetary benefits, implementing the recommended actions will result in more efficient operations and monetary savings.

Review of Installation Property Book ADP Accountability. Internal Review auditors reviewed a statistical sample of installation property book hand receipts to verify the accountability of ADP equipment. The auditors concluded that ADP equipment listed on hand receipts was accounted for; however, not all ADP items possessed were on property records. IR discovered that approximately \$2.4 million in SBIS (sustaining base information systems) ADP hardware was received in 1996; however, only a few items were reflected on property records. These conditions were caused by: (1) performing required cyclic inventories from "paper to floor" instead of "floor to paper"

which would identify items not listed; and (2) a mistaken belief that items not purchased by activities are "free issue" and not accountable. Additionally, we noted large amounts of ADP equipment stored in wall lockers and storage rooms that should be turned-in. Implementation of recommended actions would result in non-monetary benefits such as improved management controls, avoided violations of law or regulation, validated existing process, initiated best business practice, and provided analysis/data to decision maker.

Inventory Management, Pharmacy Service. The auditors identified a need to strengthen overall controls over pharmacy supply operations. Improved oversight of the Prime Vendor Contract would provide better assurance that the contractor meets all terms of the contract at the least cost to the hospital. Use of available automation capabilities in TAMMIS would improve efficiency and management decision-making ability. Accountability had not been maintained in the absence of the primary supply technician. Establishing stockage levels and reorder points, timely monitoring of returns for proper credits, and updating written standard operating procedures would further improve controls.

Automation Equipment Accountability. An audit of automation equipment accountability identified numerous accountability errors resulting in automation equipment valued in excess of \$476,000 that was not properly recorded on property records. The auditors also determined that the system of internal management controls was not effective for it did not prevent nor identify accountability errors. The auditors recommended: (1) conduct a 100 percent inventory of automation equipment; (2) Property Book Officer issue hand receipt equipment directly to the using unit/section and remove the DOIM from the accountability chain; (3) develop procedures to maintain accountability when equipment changes occur; (4) establish a policy to identify automation equipment items that require property book accountability and account for them by serial number; (5) establish accountability procedures during maintenance and repair of automation equipment; (6) establish procedures to account for automation equipment that is "direct shipped" to a unit or purchased by IMPAC credit card; and (7) direct units to turn in obsolete automation equipment and software. Benefits to management: improved management controls; avoid violations of law and regulations; improved system/process; proper property book accountability for automation equipment valued in excess of \$476,000.

Review of Munitions Center Ammunition Outloading Plan. The objective of audit of the Munition Center's ammunition outloading plan was to determine whether storage sites would have the right numbers of people and equipment, with the right skills and capabilities, at the right place, at the right time, in the event of two Major Theater Wars. Audit identified issues with facilities, equipment, personnel and guidance that required management actions.

Audit of Dining Facility. During an audit of a dining facility, IR found that required documentation such as DD Form 1544, Cash Meal Payment Sheet and DA Form 3032, Signature Sheet were not completed as required. Soldiers or other Service members

were not required to show any identification (meal card or military identification) which could allow a person to eat free at the dining facility when he/she should have paid. Proper inventory procedures were not followed for the inventory observed. One of ten weekly inventories included in our sample was not performed. The control over subsistence accountability was inadequate. The physical inventory balances tested for a six-month period were over the maximum end of the month authorized food balance. Seven of 11 account status balances were overspent. There were several significant shortages in the 22 high dollar sensitive line items tested.

Standard Army Retail Supply System (SARSS). Internal Review found that Command has effectively implemented and adapted to SARSS, which was evident by their ability to out perform Army supply standards. However, SARSS is far from a perfect system. One significant weakness is the lack of follow-up on depot shipments. For FY 98, IR identified over \$186,000 of items shipped by the depots, but not receipted for by the receiving activities. IR recommended the Supply Management Officer ensure customer reconciliation listings are produced monthly to allow all activities to follow-up on late depot shipments. IR also recommended increased emphasis on Report of Discrepancies (RODs) to ensure credit is received for missing or damaged shipments. Monetary Benefit: \$1,116,000.

Audit of Consolidated Property Book. Internal Review performed an audit to evaluate the adequacy of procedures used to account for property and to promote the efficient use of funds and equipment. Specifically, the audit was to determine if: (1) on hand property and equipment were accurately recorded; (2) physical inventories were performed; (3) property book office procedures were adequate to ensure property on hand and on order were properly authorized; (4) property transactions were properly processed and posted, and controls over issues and receipts were effective; (5) local procedures ensured prompt disposal of excess property; and (6) to evaluate the adequacy of internal management controls. Improvements were needed in property management procedures. Reports of Survey did not ensure that surveys were initiated and completed in a timely manner and that financial liability assessments were collected when property was lost due to negligence. Physical inventories were not always conducted or were not conducted properly. Some types of accountable property were not recorded on property book records. Also, some on-hand items of property were not authorized and excess property was not always disposed of in a timely manner. The audit also disclosed that the Property Book Officer had an IMPAC card and used the credit card to purchase property items. AR 735-5 and internal management controls prohibit individuals such as PBOs from also being IMPAC cardholders and ordering officers.

Property Disposal

HAZMART. At the request of the Directorate of Public Works, Internal Review reviewed, validated, and revised a cost savings analysis of HAZMART performed by an

environmental consulting contractor. The HAZMART concept provides for centralized requisition, storage, and issue of hazardous materials. The revised analysis was presented in EXCEL spreadsheet form to facilitate annual updates. The analysis proved the merits of retaining the HAZMART and has been presented to higher headquarters in defending the facility.

Civilian Personnel Management

Civilian Performance Appraisals, Grades 9-12. The purpose of this quick response audit was to evaluate the depth of problems associated with late appraisals in the current cycle. The scope of the audit was limited to grades 9-12 (GS/WS/WL.WG). Major findings included appraisals at least a year overdue, HQ civilians almost all lacking appraisals and the TAPES manual not being used by current raters. Moreover, monitoring systems had not yet been implemented and raters were not being held accountable for ensuring the process of establishing performance standards, conducting midyear reviews and accomplishing annual appraisals. Lastly, timeliness of appraisals was not included in supervisor support forms. For example, one supervisor did not have the job description authority to supervise his 3 employees. Seven recommendations were made to correct major deficiencies and implement training for current supervisors.

TDY Travel Vouchers - 1st Qtr FY 99. Review of several travel vouchers for emergency operations indicated that employees had been inappropriately reimbursed for hotel expenses that the Command had already paid under the 'corporate account'. Employees have been billed and reimbursements received. Another larger review is ongoing for all 23 employees that traveled on the emergency operation. Monetary Benefit: \$12,000.

Review of Mandatory Repromotion Program. IR's objectives were to evaluate the plan for returning repromotion eligible employees to grades/jobs from which displaced and determine if the repromotion program was properly implemented and working effectively. The review disclosed: (1) repromotion policy made selection of repromotion eligibles optional rather than mandatory; (2) repromotion eligibles were not always referred for vacancies in FY 98; and (3) repromotion eligibles list was incomplete. CPAC agreed to revise repromotion program guidance; coordinate with CPOC to ensure mandatory repromotion eligibles list is accurate; require CPAC employees to check repromotion eligibles list upon receipt of referrals; and notify CPOC if qualified repromotion eligibles are not referred. Monetary benefits of implementing corrective action were \$90,000 annually and \$540,000 over the POM years.

Military Personnel Management

Review of APFT Failures. Auditors reviewed the procedures for (1) recording Army Physical Fitness Test (APFT) failures in the personnel system; and (2) counseling military personnel who failed or received minimum scores. Also, the auditors reviewed profiles of those allowed to take an alternate test, training records for tests administered and scoring procedures. The auditors recommended changes in procedures for scoring to separate duties; standard procedures for administering alternate tests based on profiles from civilian physicians; written counseling for anyone who failed or received minimum score; and follow-up procedures for re-testing.

Quick Response Audit of Controlled ADSW Workdays. The overall objective of the audit was to determine if the FY 98 Controlled ADSW Workday Program was properly managed in accordance with existing policies. Specific objectives were: (1) to assess the adequacy of controls over workdays; (2) to determine if personnel exceeded the Controlled Workday limits, and if so, (3) to determine if the responsible Program Managers obtained Command approval to exceed the limits. IR found that six individuals exceeded the authorized limits for Controlled ADSW Workdays; three of those were General Officers. The remaining three individuals' accrued workdays were in excess of 180 days and should have been reported to Command. IR also found that approvals to exceed the authorized limits were not obtained from Command in advance. Therefore, IR concluded that controls and oversight over the program were lacking. As a result of the audit work, responsible individuals are now aware of their responsibilities in monitoring and managing the program. In addition, the program is receiving closer scrutiny by the Chief of Staff to ensure the Controlled ADSW Workdays Program complies with the existing policies in the future.

Soldiers with Less Than 14 Days AT. The overall objective of this audit was to determine if management controls are working to ensure soldiers assigned to the major subordinate command are provided their requisite number of annual training days. The results of this audit found there is no clear specific opinions or guidance from higher headquarters (1) as to how many days active duty a reservist is entitled each year; or (2) if this duty must be in the form of annual training (AT), active duty for training (ADT), active duty for special work (ADSW), etc. The auditors recommended the command publish guidance that unit commanders provide each assigned reservist at least 14 days of active duty each year. In the case of newly assigned personnel, unit commanders offer these soldiers at least 14 days of active duty within twelve months of their assignment. Secondly, unit commanders utilize the Performance Data section of the Unit Commander's Pay Management Report as a vehicle to determine if individual soldiers have performed at least 14 days of active duty. Once the software is installed, have the IR section investigate the capability of RLAS to provide this required information.

General's Top Ten Readiness Indicator Reports. The auditors visited various units to follow-up on their prior visit readiness. The follow-up sought to determine if readiness

issues had improved. The auditors found that command had taken positive action toward improving readiness by: (1) improving quarterly readiness reports by incorporated actual numbers and a performance color coding system; and (2) incorporating trend reporting over prior quarters with easy access to Brigades and Battalions through WorldGroup. Results of Command actions since May 1998 to date have shown: (1) an increase of 13% in the number of duty military occupation qualified (DMOSQ) soldiers; (2) an increase of 14% in the number of qualified instructors; (3) an increase of 15% in the percentage of reservists assigned who have passed the Army physical fitness test; and (4) an increase of 1.5% in inactive duty attendance. These initiatives have greatly improved readiness and the soldiers' capability to perform their missions.

Landship Study. At the request of the Directorate of Plans, Training, Mobilization, and Security, Internal Review prepared a cost estimate and conducted an analysis of alternatives to meet Cargo Specialist (88H) training requirements. The cost to use a fast sealift ship (FSS) stationed at a local port for hands-on roll-on/roll-off and lift-on/lift-off cargo operations training is expected to escalate significantly upon expiration of the current berthing contract. In expectation of the increased costs, the installation contracted for a study to define the feasibility of modifying and upgrading the existing Landship cargo handling training facility to provide a realistic training platform for 88H training. Working with the contractor study and Command representatives, Internal Review developed and presented a series of training options based on using a variety of training platforms. The analysis became a key component of the DD Form 1391 in support of the Landship project.

Real & Installed Property

Renovation of Post Theater Building. The purpose of this QRA was to evaluate the renovation project of the post theater. Renovation of a federally owned building was initiated without proper approval and adequate supervision. The Command did not follow construction/renovation policies and procedures. Findings: (1) management controls were not effectively implemented to ensure construction materials were not ordered until remodeling plans were reviewed and approved; (2) proper procedures to approve renovation of a building listed on the FISP were not followed; and (3) IR determined that troop labor can be used to remodel the theater when it receives final review and approval. Benefits (non-monetary): improved communication and coordination will insure management controls are strengthened. Federal building remodeling projects planned and approved according to Army regulations.

Information Technology

Year-end Computer Purchases. The auditors reviewed FY98 year-end computer purchases. The auditors analyzed the year-end purchase requests for computer

equipment and the supporting documentation that was available. In addition, they verified if capability Requirements (CAPR's) were submitted as required. The auditors recommended the Information Management Office do a more accurate job of ordering computers and accessories for required concerns, not just go and order the equipment. Also, the DCSIM needs to be involved in ensuring that all computer requests have the proper CAPR approval from the Command Group and the USARC. Monetary Benefits: \$223,200.

Y2K.

- This audit looked at Y2K compliance. Significant findings included discrepancies in inventories submitted by subordinate units. Original guidance did not require certification of inventories by senior level management and the accuracy of some of the inventories submitted was questionable. Some items on the non-IT inventory submissions were items belonging to and reported by the local RSC as facility/installation property. For the most part, all major systems were identified and tested. Those not Y2K compliant have been identified and resolved, either with a future test date or replacement action. Three recommendations were made to ensure inventories were effective management tools, including a consolidated, master inventory with compliance testing status, corrective action detail, and certification of existing inventories submitted. Nonmonetary benefits included provided Analysis/Data to decision makers and improved management control.

- The objective of the audit was to provide reasonable assurance to the Commander that: (1) the inventory of Y2K compliant and non-compliant systems hardware/software and equipment was complete and accurate and (2) items identified as Y2K compliant and actions taken to fix, replace, or eliminate a non-compliant hardware/software, equipment were adequately documented. Audit results indicated inventory databases were incomplete and Y2K compliance was not always accurately reported.

- The audit objective was to provide reasonable assurance to the Commander that (1) inventory of Y2K compliant and non-compliant installation support equipment was complete and accurate and (2) items identified as Y2K compliant and actions taken to fix, replace, or eliminate specific non-compliant installation support equipment were adequately documented. Audit results showed that not all installation support equipment (new equipment not yet accepted by ANAD, long-term storage, and short-term storage) was reported or reviewed for Y2K compliance. Also, additional items inventoried during the walk through needed to be evaluated to determine if Y2K sensitive.

- IR's audit objective was to determine if Command's Business Systems were Y2K compliant. The audit was conducted on 19 August 1998 by the Y2K inspection team from the MACOM Installations and Services Activities, with Command's auditors serving as team members. Audit results showed systems were not tested for Y2K compliance; Risk Management Plans were incomplete; contingency plans were not

established for each system; and Memorandums for Agreements were not developed for critical systems.

- Another IR office's audit objective was to provide reasonable assurance to the Commander that (1) inventory of Y2K compliant and non-compliant equipment was complete and accurate and (2) items identified as Y2K compliant and actions to fix, replace or eliminate specific non-compliant equipment were adequately documented. Audit results showed that the Y2K database inventory of weapons systems diagnostic equipment was accurate and all Y2K actions were correctly documented and reported.

- As part of doing the inventory and Y2K assessment process of infrastructure hardware - property accountability surfaced. BOTTOM LINE: If hand receipt holders apply the Command Supply Discipline Program on a regular and recurring basis, the inventory and assessment process would have been much easier.

- The overall audit objective was to assist the depot and installation information management personnel in independently verifying the hardware and software inventory amounts and validating that the hardware and software will be Y2K compliant. The internal audit and the depot visits found that the status of the Y2K program was quite satisfactory.

- Another IR's objective was to determine if all systems have been identified and a plan has been developed to ensure systems will be Y2K compliant by the dates specified by the Army. Based on the results, the auditors found the USAR Major Subordinate Command had not: (1) established a central point-of-contact for all Y2K actions; and (2) developed and documented an overall plan to correct Y2K compliance, although separate staff sections had taken actions to identify and correct any Y2K non-compliance in their functional areas of responsibility. We made recommendations to: (1) establish a central point-of-contact to provide effective oversight, coordination and monitoring of the Command's progress in meeting Y2K compliance goals and deadlines; and (2) make sure that all software is inventoried, certify the inventory complete and identify Y2K compliance.

Property Accountability - RCAS Fielding. During the wholesale conversion to RCAS, the distribution of new computers resulted in the retrieval of all existing systems to the central warehouse. However, there was no management emphasis on proper turn-in and issue documentation. Consequently accountability was lost and the warehouse full of older units became unmanageable. DRMO received trucks filled with old equipment and a blanket report of survey was proposed to handle the lack of accountability.

Acquisition of ADP Equipment: Control and Accountability. As a result of a review of controls over ADP Equipment, an item with an estimated value of \$75,000 was discovered and added to the organization's property book.

Review of CEFMS User Permissions. The Internal Review Office reviewed the district's Permissions/Access to the CEFMS database to determine if privileges are

limited and in writing. IR had four findings and recommendations (FAR). These were: (1) identification of bogus employees in the user database; (2) incorrect CEFMS user permissions; (3) no separation of duties for approving small purchases; and (4) excessive Data Base Administrator privileges. We made four recommendations for corrective actions, which would remove the deficiencies, and management concurred with all of our findings and recommendations. We were unable, however, to quantify any potential monetary benefits accruing to our review and FAR. We issued our report on 30 October 1998 and the District Engineer approved it on 16 November 1998.

Intelligence & Security

Intrusion Detection System Cost Study. The Internal Review office evaluated two alternative courses of action for statewide IDS monitoring. One method, the current way of doing business is to use multiple vendors for monitoring. The second method is to consolidate monitoring using one vendor at the state headquarters. IR's analysis showed that it would be advantageous to invest in a proposed upgrade in order to be able to monitor from a central location. Besides the cost benefits involved, it will be easier to administer the monitoring function because of the reduction in vendors. There was an \$85,000 annual cost savings; Recurring: \$125,195

Night Vision Devices. IR's review program was designed to determine if inventory controls were in place, physical security procedures were in place, whether issue and turn-in procedures are followed and to determine if a management control plan was in place. The review parameters were FY 98. IR recommended that a control log be created and procedures published for temporary issue and turn-in of night vision goggles. In order to comply with AR 190-51, IR recommended that night vision goggles (portable items) should be stored in double barrier triple lock, limited access area. IR determined that in order to strengthen the Management Control Plan, security and accountability should be included in the overall plan. In conclusion, three sets of night vision goggles were found on the installation with a monetary benefit of \$32,241.

Communications

Review of Telephone Services. Based on a sample, IR disclosed that the Command could save at least \$430,000 over a 5-year period by having unnecessary phone lines and features disconnected. The auditors recommended that the Corporate Information Center (CIC) conduct a 100 percent review of all phone lines and features throughout the Command. Any unnecessary phone lines/features identified are to be disconnected and the resulting savings data are to be maintained for the auditor's follow-up review. The CIC's review is currently in process and the auditors believe further savings may result. The results of the CIC's review will be covered during the auditor's follow-up review. Any adjustments to the initial savings estimate of \$430,000 will be reflected via a future semi annual report, as appropriate.

Transportation

Termination Plans for the GSA Vehicle Fleet. The purpose of the audit was to determine whether termination plans for GSA leased vehicles would meet mission requirements for motor vehicles in the most cost-effective manner. Internal Review found that: (1) Command personnel had not negotiated with GSA a specific agreed-upon plan for the turn-in of vehicles and the termination of the Memorandum of Understanding (MOU) for fleet operations; (2) Command personnel had not initiated action to obtain reimbursement of about \$5 million dollars from GSA for the fair market value of vehicles transferred to GSA at no cost at the time the fleet was consolidated in FY 94; and (3) Command personnel did not adequately evaluate alternatives to meet mission requirements for vehicles, accurately report vehicle requirements to support operations after September 1999, or properly request GSA vehicles needed at a subordinate installation. As a result, Command was paying for the shipment of GSA vehicles and was leasing vehicles commercially when cheaper GSA vehicles were available. In addition, the best value solution to meeting the mission requirement for vehicles in the Command and other subordinate installations may not be adopted. The report contains four recommendations to improve the termination plans for the GSA vehicle fleet. Monetary Benefit: \$5,000,000.

Airline Tickets. Internal Review performed this quick response review at the request of the Chief of Staff. Internal Review was asked to determine the extent travelers were exchanging refundable tickets for official government travel issued by the Commercial Travel Office for nonrefundable/restricted tickets and using the difference in price to pay for personal travel or other personal benefit. Auditors found that it was common practice of the traveler to exchange a government issued ticket with a nonrefundable/restricted ticket using either the Commercial Travel Office or a local travel agency. The Command issued a policy prohibiting travelers from exchanging a government issued airline ticket for a ticket of lesser value and using the savings for personal travel or other personal benefit.

Military Pay & Benefits

Audit of Bonus and Loans. IR's objective was to assist the Incentive Manager in validating the database of personnel who were eligible for a bonus or loan, and to assist in developing controls to ensure timely and proper payment. Specific areas reviewed were bonus and loan files; bonus and loan suspense files; bonus control logs; the SIDPERS database; AWOL reports; and a listing of newly hired technicians. The auditor completed a 100 percent review of soldiers receiving bonus and loan incentives. The auditor identified that termination of incentives and collections for participants with nine or more AWOLS and individuals who transferred to active duty were not occurring. Benefits to Management: (Monetary) The recommendation to terminate incentives and

initiate collection action for participants with more than nine AWOLS and individuals who transferred to active duty resulted in collection of \$12,688. The recommendation to complete an annual review of individuals with more than nine AWOLS and a monthly review of the "Bonus Termination Report" will result in an estimated \$63,000 being recouped over the next five years. Monetary Benefit: \$76,127.

Unit Level Military Pay. The objective of this audit was to determine if IDT pay management controls were effectively implemented. Unit monitoring of IDT pay situations needed improvement. The ARNG had not ensured that units were complying with pay regulations. Overall soldier pay was correct, legal and proper, however, some payments were late. Unit personnel had not been given sufficient training on the automated AFCOS system. Some soldiers accrued SGLI debts that created financial hardships for them when they were not attending scheduled IDT events. Benefits to Management (non-monetary): soldiers participating in drill events are paid on time. Timely cancellation of SGLI coverage will help soldiers avoid accruing debts while waiting for discharge.

Civilian Pay & Benefits

Labor and Production Reporting. IR's audit objective was to validate L&P production reporting for limited work centers. Audit results indicated a 96 percent accuracy in reporting labor and a 100 percent accuracy in reporting production.

Audit of Civilian Time and Attendance. The auditor found the activity could reduce civilian pay costs by \$198,000 over the next three years by having timekeepers input time and attendance directly into the Defense Civilian Pay System and through improvement in the management of overtime.

Audit of Civilian Employees' Compensation during Deployment. IR's review of DRM report labor costs showed excessive overtime paid to four employees deployed to Bosnia-Herzegovina and Hungary. These four civilian employees worked approximately 2,984 hours of overtime worth \$58,728, in averages of 138, 145, 118 and 75 hours each pay period. On-site supervisors did not set up working schedules, sign time sheets and did not properly monitor employees' overtime. As result of these procedures, there was no assurance that genuine needs existed for the employees to work excessive overtime hours.

Technician Time and Attendance Program. The purpose of this audit was to determine if time and attendance procedures were in compliance with existing guidelines and regulations. IR found weaknesses in technician supervision relative to documentation of employees performing Active and Inactive Duty Training, and no documented periodic reviews conducted by the civilian pay office for potential dual compensation. The Defense Civilian Pay System was converted in April 1994, and reduced the interface with Military Pay in providing reports to conduct periodic reviews.

IR identified 36 instances of dual compensation for a monetary benefit of \$8,586, and IR projected this out for five years for a total of \$52,000 in potential monetary benefits. This could be a national material weakness for the Army National Guard, especially if respective states have not reviewed this program since 1994. As a result of the review, IR established through DPI an SQL report from an existing database for all technicians performing Inactive Duty during the previous two weeks. When properly reviewed, the report should minimize future occurrences of dual compensation received by technicians.

Program & Budget

Reimbursement of New York State Canal Corporation. Section 1105 of the Water Resources Development Act (WRDA) authorizes the Secretary of the Army to reimburse the New York State Canal Corporation for 50 percent of the cost of operating, maintaining, and rehabilitating the New York State Barge Canal. The Federal contribution of rehabilitating the New York State Barge Canal is limited in any fiscal year to \$5M or 50 percent of the expenditures in that fiscal year, whichever is the lesser. The review objective was to determine the amount of expenditures made by the Canal Corporation under contract number TAA97-27C for rehabilitation of Lock C-4 located in Rensselaer County, New York. We examined the statement of quantities used (TA Form 54233), billing estimates numbered 1 through 19, and the contract payment requests which contained the certification of payment (date and check number). The audit verified that through 30 November 1998, the expenses eligible for reimbursement for the rehabilitation of Lock C-4 were \$4,346,751.82. Based on the statutory cost share limit of 50 percent, the maximum allowable reimbursement was \$2,173,375.91.

Audit of Centrally Managed Allotment. The objective of this audit was to determine whether adequate controls were in place and working as intended to prevent an Anti-Deficiency Act violation. For this audit, we selected the following Reserve Personnel, Army accounts amounting to \$125 million. - Individual Mobilization Augmentee, Retired Pay Accrual - Initial Active Duty for Training - Individual Mobilization Augmentee, Training Support - Incentives - Enlistment/Reenlistment Bonus - Reserve Officers Training Corps. We concluded management controls for these accounts are generally in place and working as intended to prevent an Anti-Deficiency violation. We made one recommendation to improve controls by maintaining documentation to support adjustments to the annual funding plan.

Other Comptroller Functions

TDY Travel. This audit revealed that the least expensive air fares, to/from the MTF and several of the most-frequently-visited TDY sites, were not always taken advantage of. The four local airports offer flights to TDY destinations at different prices. In many

instances individual travelers were simply not taking advantage of the airline/airport that offered the least expensive fare. IR found that the airports that were physically closer to the MTF were the ones that were utilized, even though the plane ticket prices were greater. In these instances traveler convenience may have superseded travel cost considerations. The auditor recommended that RMD indicate the cost of the least expensive air fare at the applicable airline/airport on the potential travelers "Request For TDY Approval" sheet. The respective supervisors would then either approve or disapprove based on that information. It is estimated that \$3,000, per year, would be saved if the MTF required the traveler to take advantage of the airline/airport that offers the least expensive air rate. Monetary Benefit: \$3,000.

Catchment Area TDY Mission-Related Travel. The medical treatment facility (MTF) staff goes on many mission-related TDY trips to another facility that has been downsized. In every instance a DD1610, Travel Order, had been processed. The processing of each DD1610 consumes much administrative time since it must be typed, approved, signed-off on, and issued a travel order number. IR discovered that most of these trips took no more than eight hours from start to finish. Also, it was noted that POVs were used. That being the case, all to be paid the traveler was mileage and road tolls. The auditor was advised by JAG that travel to this site by the MTF traveler was considered travel within the MTF catchment area, and that the traveler did not need a DD1610 to perform this kind of mission-related travel. Based on this the auditor recommended not generating DD1610s for travel under these circumstances. Thus, DD1610 processing time has been decreased accordingly.

Orders. This quick response audit was to determine the effectiveness of controls implemented at the approving level on Request For Orders. The auditors reviewed the process through which TDY travel requests were submitted, approved and reconciled. Significant Findings included RFOs not being adequately coded, monitored or reconciled. For example, one fund manager code was being used for various types of travel, making it impossible to determine which section/unit was traveling, purpose, total execution and future projections/availability of funds. In addition, conferences were being planned and commitments were being made without involving the Resource Manager. Twelve recommendations were made to improve monitoring of executed travel and to ensure management controls and standardization at the approving level.

Permanent Change of Station (PCS) Reimbursement Process. IR found the PCS reimbursement process adequate and it fits current regulatory requirements considering the National Guard's required interface with active duty installations for Personal Property Support. However, IR found instances in the process in which they recommended improvement in internal controls and process effectiveness and efficiency. Individuals essential to the ARNG PCS reimbursement process are the HRO Personnel Staffing Specialist, the HRO Military Personnel Relations Technician, Active Duty Transportation Managers as identified by Headquarters Military Traffic Management Command, the USPFO Travel Pay Section, Voucher Examiners, and the individuals that PCS. The PCS reimbursement process and IR's recommendations were derived from several sources identified within the body of the report.

Recommendations include: (1) the HRO PCS Managers review final PCS settlement vouchers and deobligate remaining funds; (2) the HRO PCS Managers and the Travel Pay Section attend Temporary Travel and PCS Training annually; (3) the electronic transfer of PCS documents between the Travel Pay Section and WPAFB-TMO; and (4) a working group be formed to update PCS entitlement authorization in operating instructions and develop PCS final voucher review checklists. Benefits to Management (Non-monetary): Improved management control, system/process and avoided violation of regulation. Monetary Benefit: \$146,310.

CFO Review of Abnormal Balances (Quick Response). IR performed a CFO validation review of abnormal balances. The validation was directed by HQUSACE as part of corrective actions completed in conjunction with the Chief Financial Officers (CFO) Act. IR's review disclosed that effective procedures to monitor abnormal balances had been implemented. When there were instances in which an abnormal balances was valid, the reason was properly explained in writing. When an item required resolution, the responsible accountant researched the item and tracked the required action until it was completed. RM-F was fully aware that abnormal balances must be researched and fully explained in writing. RM-F also was aware such explanation of abnormal balances must be forwarded to the USACE Finance Center (UFC), when requested or required, for use in developing footnotes to financial statements. No formal findings and recommendations were made. Therefore, a follow-up audit will not be required. RM and RM-F concurred.

Training on Funding. The Deputy Commander requested a review on funding issues. IR analyzed the history and types of formal courses attended by employees having funding responsibilities, such as: Project Managers, Program Analysts, Budget Analysts, Accountants, and Contract Specialists. IR issued a consulting report and presented the data in bargraph form, thus graphically illustrating training weaknesses by organization. IR recommended mandatory training for staff employees who are involved with funding issues. Management agreed and the Resource Management Office plans to present fiscal law training, adding case scenarios directly related to our missions.

Support Services

Audit of GSA Vehicles. The objective was to determine if the number of vehicles leased under the GSA contract was properly identified and efficiently utilized. Specific areas reviewed were billing procedures, reimbursement procedures, vehicle usage, inventory procedures, and maintenance of vehicles. The auditor completed a 100 percent review of vehicle usage and identified that 15 percent of vehicles were underutilized; 8 vehicles exceeded authorizations on the property book; and commercial buses were contracted when GSA buses were available. A 100 percent review of GSA Vehicles at randomly selected locations across the state identified that 61 percent of GSA vehicles were not properly dispatched or hand receipted. A 100 percent review of

expenditures identified that 10 percent of the expenses were not properly posted or reimbursed. **Benefits to Management: (Monetary)** The recommendation to turn-in 8 of 22 underutilized vehicles will result in \$88,440 being put to better use during the next 5 years. The recommendation to develop procedures to ensure that GSA buses are first considered prior to ordering commercial transportation will result in \$41,900 being put to better use during the next five years. The recommendation to develop reimbursement procedures for GSA vehicles will result in recoupment of \$2,824 and an estimated \$35,000 being put to better use the next 5 years. **Monetary Benefit: \$168,119.**

Housekeeping Contract. Senior management requested an internal study of housekeeping services. They wanted assurance that the FY 99 obligated amount showed an accurate amount for cleaning required for maintaining a satisfactory environment. Reconciliation of contract modifications determined that \$46,060 could be decommitted because of incorrect wage COLAs. An analysis of the task and frequencies determined that the contract could be reduced another \$106,425, mainly as a result of building modifications and a reduction of working hours. **Monetary Benefit: \$152,485.**

Observation of FY 98 Close-out Inventories. Written instructions outlining proper inventory procedures were not available for the disinterested officers to reference while conducting the FY 98 close-out inventories in the dining facilities. Although, food service personnel prior to the inventories gave a briefing, the disinterested officers were not sure of the correct procedures and relied on the contractor's methodology. The inventories were not taken as wall-to-wall inventories. Instead the disinterested officers used the count sheets to determine the sequence of the items to be inventoried. After an item was selected from the count sheets to inventory, the disinterested officers counted the item from room to room until all of the selected items in the dining facility were counted. This methodology could cause the disinterested officers to not count inventory that was physically present but not listed on the count sheets. Formal documentation of inventory procedures, including procedures for conducting wall-to-wall inventories, would strengthen the inventory procedures. It would also ensure more accurate results during future close-out inventories.

Nonappropriated Fund Activities

Review of the Club. IR found that the club did not have control over sales and inventory. The club did not perform effective sales accountability tests for resale merchandise, did not established procedures for performing effective inventories, and there was no management oversight to investigate large fluctuations in Cost of Goods Sold (COGS) and Net Income Before Depreciation (NIBD). As a result management couldn't account for resale merchandise, or about 17 percent of projected sales. **Monetary Benefit: \$40,787.**

Ticket Inventory. The engagement was requested to ensure that procedures were adequate to maintain accountability for Civilian Welfare Fund Movie Tickets. There

were several problems noted during the review. As an immediate resolution, accountability for the ticket inventory was transferred to another individual. Also as a result of the audit, a formal MWR audit was scheduled for FY 99.

Club Operations. This audit found that internal accounting and administrative controls were unable to adequately safeguard and account for cash, inventories, and other club assets. The command had no assurance that the results of operations were being accurately portrayed. A sensitive issue identified during the audit involved the legality of a private organization serving alcoholic beverages on an active Air Force Base. The six findings in this report disclosed significant weaknesses in the areas of: (1) Club Operations; (2) Internal and Administrative Controls; (3) Operating Budgets/Profit Fluctuations; (4) Income Tax Return/Non Profit Corporate Report/Gross Receipts; (5) Articles of Incorporation and Bylaws; and (6) Fixed Assets. In order to correct operations, additional command emphasis and directed oversight by a disinterested officer was necessary. The Board of Directors must ensure that a system of internal controls is adhered to and that recommendations are taken seriously. The benefits to management (Non-monetary) included the following: (1) improved management practices; (2) improved internal controls; (3) improved system process; (4) avoided violations of federal and state laws and regulations; and (5) avoided adverse publicity.

Billeting Funds Cash and Cash Receipt Controls. At the request of the Directorate of Public Works, Internal Review auditors performed a review to determine if adequate and effective procedures were exercised over the Billeting Funds handling of cash, cash receipts, and banking transactions. IR found that overall, procedures were adequate, but internal controls over managing manual receipts and cash oversight needed some strengthening. Auditors recommended that: (1) the director appoint disinterested personnel to perform quarterly unannounced cash counts; (2) document all manual receipt numbers; (3) specify amounts of petty cash and change funds in writing; (4) management perform an annual evaluation of cash controls and procedures; (5) explain on daily reports the rationale for granting complimentary rooms; and (6) maintain strict oversight of shortages and overages.

Review of IMWRF Bingo. IR's review of IMWRF Bingo showed a cash shortage of \$2,942.00. The shortage included a \$2,604.00 shortage from the prize fund and \$338.00 shortage from the change fund. Accountable records indicated that the Bingo Fund consisted of a \$20,000 prize fund, designated for paying the nightly bingo prizes, and a \$3,000.00 change fund, designated for the sale of cards and concessions. IR's cash count showed a total of \$17,396.00 in the prize fund and \$2,662.00 in the change fund. Monetary Benefit: \$2,942.

Review of OCONUS NAFI-Relocation to CONUS. IR's objectives of the audit were: (1) to determine the cost to relocate an Army NAFI from OCONUS to CONUS; (2) to compare operating costs before and after relocation; and (3) to determine the impact of relocation on the total operating results. The audit projected a \$1.3 million savings per year in labor costs, small additional savings in other costs, "Hard" relocation cost

recovered in two years and positive SOFA and CFE considerations. Monetary Benefit: \$1,300,000.

Review of Prime Vendor Program – OCONUS. The objective was to evaluate the effectiveness of the acquisition process for obtaining food, beverage and related items by an OCONUS NAFI. Specific objectives were to determine: (1) the participation rate in the prime vendor program; (2) the soundness of the business decisions made in cases where the prime vendor is not used as the source of supply; (3) the effective use of the prime vendor manufacturer's rebate program; and (4) the adequacy of the procedures used to process credit memos from the prime vendor for invoice and pricing discrepancies. Results: The review showed that the acquisition process for food, beverage and related items purchased in CY 98 was proper and emphasis was placed on the prime vendor program. Participation was 77 percent, which was considered outstanding by the Prime Vendor Program Manager. Selection of supply source was based on sound, efficient business decisions. Manufacturer's rebates were considered when placing prime vendor orders. We did, however, recommend that improvement was needed in the handling of invoice shortages and overcharges to ensure proper credit was received from the prime vendor. Management agreed with the recommendation and will issue an SOP outlining accounting and warehousing procedures to ensure the accurate recording and timely processing of all credits due to the NAFI. Monetary Benefit: \$30,000.

Investigative Support

Line of Duty (LOD) Program Consulting Review. During this review, IR found that internal management controls such as separation-of-duties were not in place, signatures were missing on NGB Form 348 and applicable ANG instructions were usually disregarded. The Managers believed that the LOD Program and ANGI 36-2910 were no longer a part of the MPF function. Documentation to show that the State ANG had the authority not to use ANGI 36-2910 could not be provided. MPF Managers agreed with IR that ANGI 36-2910 is current and applicable. They then established an LOD suspense and coordination binder for the LOD Program as required by ANGI 36-2910. Because MPF/DPMPE did not provide signed/completed LODs to the Accounting and Finance Office as required, Accounting and Finance used unsigned AF Form 348s as the supporting documentation to pay medical bills and incapacitation pay. A total of \$24,376 federal dollars were expended in FY 98 for LODs without proper signatures/approvals. Although fraud was not found, lack of appropriate internal management controls and monitoring make this program vulnerable to the possibility of fraud. Additionally, LODs were not complete and did not have all authorizing signatures when medical resources were used. This leaves the unit at risk and vulnerable to an Air Force Audit Agency (AFAA) audit and findings. Benefits to Management (Non-monetary): Improved readiness, management control, system/process and avoided violation of regulation.

Health Care

Psychology - Part-time Slot. The auditor at one facility found that the number of patients the health provider was seeing did not justify the requirement for a part-time employee. Elimination of this slot will result in monetary benefits of \$241,429. This audit resulted in a Command request to do a workload audit on the entire hospital. Monetary Benefit: \$241,429.

TRICARE Health Promotion Program. The auditors identified a need to improve management of the TRICARE Health Care Promotion Program. Available records did not reflect that the Program had achieved desired results of increased unit readiness, improved wellness and prevention, and decreased emergency care visits. Procedures were not in place to monitor the effectiveness of the program or to support statistics reported to higher headquarters. The auditors made recommendations for marketing the TRICARE Health Promotion Program and for monitoring the results of individual health promotion programs.

Assessment of Hospital Sick Call. The MEDDAC Commander asked the auditors to evaluate how well the providers and support staff of the Hospital Sick Call achieve the hospital's vision of caring for each other with courtesy, dignity and respect. The auditor developed and distributed an assessment document to all Command soldiers, used statistical analysis software to analyze completed assessment documents, and analyzed written comments. Results indicated that the sick call process needed improvement. Waiting times frequently exceeded an hour. This impacted negatively on overall access to care by the general patient population and impeded the hospital's ability to meet TRICARE access standards. As a result, the Commander directed that a team revise the sick call process.

Lab AxSYM Analyzer. Management requested an internal analysis before instituting the Technology Assessment and Requirements Analysis team's recommendation to cease in-house testing on the AxSYM Analyzer in Pathology. The study determined the effectiveness of this recommendation and the best alternative to providing services without compromising continuity of patient care and resources expended. Monetary benefits amounted to \$32,125. Value added benefits from space utilization and other step-down costs were also realized.

Medical (Mobilization) Readiness Audit. The Surgeon's Office at one USAR Support Command found some soldiers could not be mobilized because their home units hadn't properly maintained their medical/dental records. This audit focused on three specific objectives. First, to determine whether units were reviewing each soldier's medical/dental records annually. Second, to determine whether those records contained correct Initial Medical Review - Annual Medical Certificates. And third, to review those records for critical medical (mobilization) elements (i.e., Five-Year Physicals; Over Forty Physicals; Immunization Records; Physical Profiles [particularly permanent ones]; Five Year Dental Exams; and Pantographs). The results of this audit

helped establish baselines to show medical mobilization readiness levels now (as well as for use in the future to gage any level of improvement over time). These baselines (together with the other audited data) confirmed a systemic medical (mobilization) readiness problem. To correct the problem, USAR auditors suggested three recommendations that should improve medical mobilization readiness.

External Audit Liaison

GAO Review of Army Maintenance Workload. Audit liaison was provided to GAO during their review of the Army's use of local facilities for work similar to capabilities of Army Depots.

Follow-up

Guard Retention. This audit was requested by a State Adjutant General . This State is authorized 10,781 soldiers and is losing 200 per month with 100 being manageable losses. This has an impact on readiness and a significant loss in training dollar investment. We were to determine why soldiers were leaving the Guard. The primary causes identified were leadership, lack of fulfillment or expectations, training, family, employment conflicts and a lack of promotional opportunities. Monetary Benefit: \$32,500,000,

Follow-up Report of Audit, Audit of Command's Year 2000 Project for Weapons Systems Diagnostic Equipment. The objective of the audit was to provide reasonable assurance to the Commander that: (1) inventory of Y2K compliant and non-compliant equipment was complete and accurate; and (2) items identified as Y2K compliant and actions to fix, replace or eliminate specific non-compliant equipment were adequately documented. Audit results showed that inventories and Y2K compliance status for 73 pieces of weapons systems diagnostic equipment had been accurately identified and reported on the Y2K database as of 14 December 1998. All equipment was Y2K compliant. One piece of equipment was added to the Y2K database during the follow-up audit. The Installation Y2K Coordinator will update the Command's Standards System Inventory Report to reflect the addition of equipment identified during the follow-up audit prior to Commander certification on 22 December 1998.

Follow-up Report of Audit, Investigation of Request. The original audit was conducted during the period 13 to 14 November 1997. The scope of the audit included: (1) reviewing overtime pay requirements under the Fair Labor Standards Act; (2) identifying environmental pay status; (3) interviewing responsible personnel; and (4) computing pay entitlements for a selected pay period. The follow-up audit was conducted on 7 thru 8 January 1999. The scope of the audit was limited to actions taken by the Directorate of Resources to implement agreed to recommendations

approved by the Commander. The follow-up audit indicated that recommendations agreed to in the original report of audit had been implemented and no further follow-up audits will be conducted.

Follow-up Report, Command's Year 2000 Project For Business Systems. The objective of the audit was to provide reasonable assurance to the Commander that: (1) inventory of Y2K compliant and non-compliant equipment was complete and accurate; and (2) items identified as Y2K compliant and actions to fix, replace or eliminate specific non-compliant equipment were adequately documented. Audit results showed that inventory was complete and Y2K compliance status for Business Systems were accurately identified and reported on the Y2K database as of 14 December 1998. Additionally, DOIM had taken action to implement previously identified deficiencies with the exception of live testing of four Business Systems. DOIM was unable to test systems due to problems experienced by the Mega Center. The Mega Center expects problems to be resolved and Command will be able to resume testing by 31 December 1998. As of 14 December 1998, 163 of 167 (97.6 percent) of Command's Business Systems were certified Y2K compliant. Command reported 169 systems and all systems Y2K compliant as of 4th Quarter, FY 98. The Command Installation Y2K Coordinator will update the Business System Report to reflect changes in number of systems and Y2K compliance status prior to Commander certification on 22 December 1998.

Follow-up Report, Audit of Command's Year 2000 Project for Installation Support Equipment. The objective of the audit was to provide reasonable assurance to the Commander that (1) inventory of Y2K compliant and non-compliant equipment was complete and accurate and (2) items identified as Y2K compliant and actions to fix, replace or eliminate specific non-compliant equipment were adequately documented. Audit results showed that inventories and Y2K compliance status for installation support equipment had been accurately identified and reported on the Y2K database as of 14 December 1998. Database reflected required corrections and three pieces of equipment added during the follow-up audit. The Installation Y2K Coordinator will update the IOC Standards System Inventory Report to reflect changes identified during the follow-up audit prior to Commander certification on 22 December 1998. As of 14 December 1998, there were three systems (ASRS, RAMP and Fuel Delivery) and two pieces of equipment (TELNEC Series 2 and Series 4) Y2K non-compliant. Actions were in process to bring systems and equipment into compliance.

Follow-up Audit, Command's Year 2000 Project for Infrastructure Equipment. The objective of the audit was to provide reasonable assurance to the Commander that: (1) inventory of Y2K compliant and non-compliant equipment was complete and accurate; and (2) items identified as Y2K compliant and actions to fix, replace or eliminate specific non-compliant equipment were adequately documented. Audit results showed that inventory was complete and Y2K compliance status for Infrastructure Equipment were accurately identified and reported on the Y2K database as of 14 December 1998. The Installation Y2K Coordinator will update the Infrastructure Report prior to

Commander certification on 22 December 1998. Infrastructure equipment will be removed from the database and reported separately as required by Command.

Audit Follow-up on Status of Security Guards. This Audit Follow-up was in response to the "Other Matter of Interest" section of the Quick Reaction Audit 98-02, Status of Security Guards. The objective of the audit was to determine if there was a possible Purpose Violation to the Anti-Deficiency Act. The issue involved Guard members performing security services during Inactive Duty Training (IDT). To accomplish the objective, IR reviewed the regulations and conducted interviews. IR's audit follow-up conclusion was the same as their original DRAFT report. IR did not find any indications that the Master Cooperative Agreement (MCA) was violated in regards to security services nor was there any Purpose Violation of the Anti-Deficiency Act. IR concluded that the issue was a managerial issue resulting from conflicting interpretations of DA regulations. IR recommended that the management at the Headquarters level discuss the issue and refer to the State's NG-IG or NG Judge Advocate General (JAG) for mediation and interpretation. This follow-up process was closed with no further actions.

Financial Statements (CFO)

CFO Assessment of Accounts Receivable. The review showed that aggressive follow-up actions were not being taken to obtain collection of delinquent receivables. Approximately 40 percent of the organizations receivables were delinquent and approximately 10 percent were over 180 days old. IR also found that collections had been made for about \$660,000 delinquent military receivables related to leases and outgrants, but the receivables had not been reduced in the financial records. Adequate written operating procedures to apply aggressive collection measures did not exist. IR made recommendations for preparation of formalized written collection procedures. IR also recommended that the Finance Center be contacted and the collected military receivables be appropriately adjusted in the financial records. This audit did not provide definitized monetary benefits. However, improved management controls and regulatory compliance should result.

Delinquent Accounts Receivable. The objective of this review was to determine whether appropriate actions were taken to reduce the number and dollar value of delinquent accounts receivable. IR concluded procedures were in place to follow-up and analyze outstanding unpaid accounts receivable. Action had been taken to follow-up more aggressively on delinquent federal receivables; however, the total number and dollar value had not been significantly reduced because the aggressive procedures had not been in place long enough to produce anticipated results.

Review of Personal Property. This review was performed as a part of the District's CFO Maintenance Plan. The overall objective was to evaluate the effectiveness of personal property management and accountability to ensure that property records

accurately reflect the quantity and value of property actually on-hand to facilitate the reconciliation with the general ledger. Site visits were conducted at four field offices and selected HRAs in the district HQ building. Processes and procedures for property management such as, requisitioning, receiving, property book accounting and property disposal need improving to ensure the accuracy of the property book. The property book does not accurately reflect the quantity and value of equipment on hand. A review of property items recorded on the inventory concluded that most items were accounted for by the hand receipt holder (HRH). Inventories are conducted annually by the HRH and as required by the PBO. However, IR's review disclosed a high error rate for property acquired but not recorded on the property book at the time of receipt. The percentage of error varies for the field offices (19-36 percent) vs the district HQ building (2 percent). The use of new automated systems (APPMS/CEFMS) and the district remote locations create a challenge for managing property. Therefore direct management involvement is needed to foster property accountability business process.

Real Property Reconciliation. The purpose of the review was to determine the status of the district's reconciliation of its asset cost tables to the general ledger. During FY 97 and for subsequent periods the district has performed physical inventories of personal and real property. These inventories were the basis for the property entries during the conversion from COEMIS to CEFMS. The accuracy of these inventories was confirmed by the District's internal review office. Historical basis or fair market value determine the costs of the assets entered in CEFMS. In FY 96, assets were improperly entered in the subsidiary ledgers. In FY 99 massive corrections were made to the subsidiary ledgers to back out the previous entries and re-book all real property. Depreciation allowances were then recalculated. As of 25 February 1999, the district's subsidiary ledgers were in agreement with the general ledger. While no more remedial action is necessary, the district should periodically run the RECONAST report to ensure compliance is maintained. No further action is required by the districts.

CEFMS Access Permissions. This QRA was to determine if this District's CEFMS database has internal control deficiencies. Results: Separation of duties: Two individuals had all the permissions needed to create a PR&C, commit funds, obligate funds and receive goods. - Inactive employees: Two were still active. - Contractors/other Government employees: Ten could not be identified. - Provided recommendation to correct the anomalies found.

CFO - CEFMS Access Permission. The objective of the review was to determine if controls are in place to grant permissions for updating the financial data base (CEFMS). Thus ensuring financial data is adequately protected. The activity had controls in place but needed to remove users who do not have a valid need to access the financial records.

Management of Accounts Receivable. Our objective was to validate the corrective actions for deficiencies in the management of accounts receivable reported by AAA in the FY 97 CFO Act Audit of the Division's Financial Statements. IR examined the records, files and reports prepared by the Finance and Accounting Branch for the five

month period ended 28 February 1999. IR also ran and evaluated a CEFMS generated accounts receivable report as of 28 February 1999. IR found that Standing Operating Procedures detailing responsibilities and procedures for resolving delinquent accounts receivable are not followed in XX District. There is no evidence of any monthly analysis or effort of any kind by Finance and Accounting personnel to monitor delinquent accounts. Maintenance of long-term receivable accounts (water storage contracts) is still performed by the YY District. This function should be returned to the XX District F&A Branch to simplify a convoluted process.

Other

Assessment of the Project Management Business Process. Assessment objective was to evaluate District progress in implementing the Project Management Business Process (PMBP). Areas for improvement were identified and management actions recommended. Guidance in ER 5-1-11 and management control checklist were used as a basis for the assessment. Results provided information to decision makers.

Museum Accountability. The objective of this engagement was to determine if historical artifacts have been properly acquired, accessioned, and accounted for. Due to the lack of complete property records, the auditors were not able to conduct a complete inventory. The partial inventory conducted could physically locate only 31% of the items listed on the 1990 property register. We determined that since 1991, property donated has not been properly acquired with a Proffer of Gift or accessioned with a Historical Property Catalog Card. Inventories of artifacts on-hand were not conducted biannually as required since 1991. The new cataloging system begun in Apr 98 is inadequate because it may cause a loss of accountability of existing artifacts.

Y2K Non-Information Technology Infrastructure. The audit objective was to evaluate the installations preparations of their BASOPS infrastructure systems to ensure no mission failures due to Y2K. Additionally, auditors were to evaluate Y2K compliance and contingency plans for all external interfaces with non-Information Technology infrastructure systems, i.e., power, water, and sewer systems. Auditors were also to determine if Y2K language is included in new and existing maintenance contracts. The audit required visits to 15 sites MACOM-wide. The auditors reported that overall; installations are making adequate preparations of their BASOPS systems to ensure no mission failures. Additionally, external agencies are providing letters of certifications to validate that their systems are Y2K compliant. Also, installations are preparing to perform end-to-end testing by 30 June 1999, of all stems and devices to further ensure compliance.

Activity Based Costing. Consulting and Technical Assistance Services were provided to support aspects of the ongoing A-76 Whole Base Commercial Activities Study. Specifically, assistance was provided to directorate and special staff activities to develop and generate unique activity interview worksheets as a workload gathering

instrument of labor hours and dollars against Performance Work Statement (PWS) and non-PWS tasks utilizing Activity Based Costing (ABC) Modeling techniques. Use of the ABC modeling interview and survey process will enable 100 percent survey capability of all (approximately 1,400) employees which will facilitate development of a substantially more accurate most efficient organization (MEO) required in the competitive process for the installation.

Consolidated Chaplain Fund. The audit, requested by the Commander, was performed to validate the Chaplain Fund's income and expenses during FY 98. The audit verified that: The Fund's net worth was properly reconciled with the bank account balance at the end of the fiscal year. Offerings received during worship services were properly accounted for, safeguarded and deposited in the bank in a timely manner. Mandatory transfer of funds to the DA Chaplains Fund were properly made. The income and disbursement transactions posted on the financial ledgers were supported by proper documentation and properly approved by the Fund Council.

Audit of Financial Management Practices for the Readiness Training Program. The overall objective of the audit was to evaluate whether readiness training funds were used as intended. The auditors visited three Army Reserve Intelligence Support Centers and found readiness training expenditures were overstated. This occurred because only one accounting processing code was provided to the centers so all expenditures to operate the center were charged to readiness training. They also found: (1) equipment purchases were made without approval; (2) no property book at two locations; (3) equipment was not always accounted for on the property book; (4) inappropriate credit card purchases; and (5) inadequate financial management practices. We made recommendations to improve controls and increase financial management oversight. Monetary Benefit: \$1,026,100.

Management Control Reporting Process. Auditors found that the MACOM is following the regulatory reporting procedures for the management control program. However, the reporting process needs improvement. The process did not identify several control problems occurring at multiple sites because most sites deemed them to be locally correctable. Additionally, the low number of weaknesses reported to Installation or MACOM management control administrators makes it difficult to identify potential MACOM level weaknesses. Auditors identified multiple site control weaknesses in six areas totaling at least \$2,200,742 in losses with the most prevalent involving property accountability and physical security. Individual property accountability failures and lack of effective physical security of ADP equipment were the most prevalent with a loss of \$920,301. The second most significant was due to loss of property accountability during Base Realignment and Closures with a loss of \$815,660. Downsizing and reorganizing inherently affected many of these. To provide for the identification of multiple site weaknesses, auditors suggested use of a web page for managers and investigative agencies to report locally correctable weaknesses to the MACOM.

Review of Accrued Leave Liability Accounts. Command's leave liability accounts were reviewed to determine if the accounts were properly managed to ensure that the leave liability was fully funded. The Labor Payroll Account (RF9310), the Government Contributions Account (RF9320), and the Annual Leave Account (RF9330) were reviewed for the period 25 October 1997 through 15 August 1998. Accrued leave analysis reports were also reviewed for the beginning and middle of the 1998 leave year. IR's review showed that the 41 percent effective rate was not sufficient to generate the income needed to fully fund the accounts. Command agreed to raise the rate and transfer funds into the leave accounts to meet the statutory requirement that the Government leave liability must be fully funded.

Review of Labor Cost Transfers. Cost transfers processed during the period 1 August 1998 to 31 December 1998 (386 cost transfers moving 13,920 hours of labor) were reviewed to determine if labor cost transfers were processed IAW established guidelines. Labor cost transfers have been found by USAAA to be improperly managed during their reviews of Army activities. Improperly managing labor cost transfers can result in statutory violations, i.e., purpose statute violations. The review showed that: (1) six labor cost transfers were made for work done on projects prior to the acceptance of the reimbursable order funding the project; and (2) documentation supporting cost transfers was often incomplete and, therefore, did not adequately support the reason/need for the transfer of costs.

BASOPS Opportunities Leveraging and Development (BOLD) Grants. BASOPS Opportunities Leveraging and Development (BOLD) Grant was a multilocation audit performed from May - October 1998. The BOLD Grant program involved installations submitting proposed projects that will provide a high return of investment. The MACOM reviewed and approved the best projects, and provided funding. MACOM auditors reviewed 141 BOLD Grants costing \$19.4 million at 14 different installations and the MACOM and the associated \$32.6 million in return of investment the installations estimated the projects will earn. Auditors found that the installations used the funds as intended and had a system in place to track project costs and return of investment. Auditors made recommendations that adjusted the \$32.6 million installations reported as their return of investment and improved cost factors needed to compute the return of investment. Auditors validated the \$8 million in return of investment already earned, and made adjustments where necessary.